

**VIRGINIA COMMONWEALTH UNIVERSITY
RICHMOND, VIRGINIA**

**INTERCOLLEGIATE ATHLETIC PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2000**



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May 25, 2001

The Honorable James S. Gilmore, III
Governor of Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit
and Review Commission

Dr. Eugene P. Trani, President
Virginia Commonwealth University

INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF
AGREED-UPON PROCEDURES

We have audited the financial statements of **Virginia Commonwealth University** as of and for the year ended June 30, 2000, and have issued our unqualified report thereon dated December 11, 2000. At the request of the President of the University, we have performed certain agreed-upon procedures to the University's Intercollegiate Athletic Programs for the fiscal year ended June 30, 2000, solely to assist the University in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This review to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Schedule of Revenues and Expenditures of Intercollegiate
Athletic Programs - Agreed-Upon Substantive Procedures**

- a. We obtained the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (Schedule) for the year ended June 30, 2000, as prepared by the University and shown in this report. We recalculated the addition of the amounts on the Schedule, traced the amounts on the Schedule to management's worksheets and agreed the amounts on management's worksheets to the Intercollegiate Athletic Department's accounts in the University's accounting records. We noted no differences between the amounts in the Athletic Department's accounts in the accounting records and the amounts on the worksheets.

- b. We applied certain analytical review techniques to the revenues and expenditures of the intercollegiate athletic programs in order to determine the reasonableness of amounts reported in the Schedule.
- c. We reviewed a computer generated listing from the University's Advancement Office to identify significant contributions from any outside organization, group, foundation, or individual. Except for contributions received from the VCU Foundation, an affiliated organization, we noted no individual contribution that constituted more than ten percent of total contributions received for Intercollegiate Athletics.
- d. We reviewed any amendments to the University's agreement for the use of the Diamond for baseball games. We determined that financial transactions relative to the agreement were properly reported in the Schedule.
- e. We reviewed the University's agreement for the use of the Arthur Ashe Center for indoor track meets and practices. We determined that financial transactions relative to the agreement were properly reported in the Schedule.

Because the above procedures "a" through "e" do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletic Department of Virginia Commonwealth University in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to the President of the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of Virginia Commonwealth University or its Intercollegiate Athletic Department taken as a whole.

Internal Control Related to Intercollegiate Athletic Programs - Agreed-Upon Procedures

The management of Virginia Commonwealth University is responsible for establishing and maintaining internal control for its intercollegiate athletic programs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings with respect to internal control of the University's intercollegiate athletic programs are as follows:

- f. We reviewed an organizational chart provided by the Intercollegiate Athletic Department and discussed it with appropriate personnel. We reviewed documentation of accounting systems and operating procedures. We also made

certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, and protection of records and equipment.

- g. We reviewed internal control over cash receipts and disbursements, including payroll, for the intercollegiate athletic programs. We reviewed the relationship of specific internal control over intercollegiate athletic programs to internal control reviewed in connection with the audit of the University's financial statements. To the extent that these systems were tested in the audit of the financial statements, we expanded our compliance tests to include transactions of the intercollegiate athletic programs. Our review also included those controls unique to intercollegiate athletics that have not been reviewed in connection with the audit of the University's financial statements.
- h. We noted that the University does have a separately organized booster group called VCU Pride. However, this group contributes all of its funds to the VCU Foundation. The Foundation then transfers these contributions to the University.

Agreed-upon procedures "f" through "h" applied to certain aspects of the University's internal control were more limited than would be necessary to express an opinion on internal control of Virginia Commonwealth University in effect for the year ended June 30, 2000, taken as a whole. Because our review and evaluation was limited to applying those agreed-upon procedures, we do not express such an opinion. In connection with applying procedures "f" through "h" above, we noted no material weaknesses relating to internal control over the intercollegiate athletic programs administered by the University.

This report is intended solely for the information and use of the University and authorized representatives of the National Collegiate Athletic Association, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

PBB:aom
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SCHEDULE

VIRGINIA COMMONWEALTH UNIVERSITY
SCHEDULE OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS
For the Fiscal Year Ended June 30, 2000

	Total	Non-Program Specific	Men's Basketball
Operating revenue:			
University fee allocation	\$ 4,933,905	\$ 4,933,905	\$ -
Conference and NCAA revenue sharing	239,774	239,774	-
Ticket sales	455,417	95,632	332,831
Contributions	210,190	182,070	-
Advertising, radio, and television rights	138,152	138,152	-
Other	71,817	58,520	3,573
Total operating revenue	6,049,256	5,648,053	336,404
Operating expenditures:			
Coaches and faculty salaries and fringe benefits	1,892,305	705,393	359,697
Other salaries and wages	595,180	493,747	44,664
Financial aid	1,479,712	72,719	217,159
Travel, administrative and team	532,019	166,248	89,145
Contractual services	587,990	499,379	30,009
Supplies, materials, and equipment	374,256	206,372	22,475
General administrative expenses	530,514	358,774	109,171
Current charges and obligations	(241,283)	(239,067)	(1,854)
Miscellaneous	279,578	147,098	42,083
Less: reimbursement for E & G program support	(57,237)	(57,237)	-
Total operating expenditures	5,973,033	2,353,427	912,550
Excess/(deficiency) of revenues over/(under) operating expenditures before transfers	76,224	3,294,626	(576,146)
Transfers in/(out):			
Mandatory	(114,625)	(114,625)	-
Nonmandatory	862,649	853,925	1,175
Total transfers	748,024	739,300	1,175
Net increase/(decrease)	824,248	\$ 4,033,926	\$ (574,971)
Fund balance at beginning of year (See Note 3)	(563,689)		
Fund balance at end of year	\$ 260,559		

* Other sports include cross country, field hockey, golf, soccer, tennis, and volleyball.

The accompanying notes are an integral part of this schedule.

Men's Baseball	Women's Basketball	Other Sports*
\$ -	\$ -	\$ -
-	-	-
12,384	5,693	8,878
-	-	28,120
-	-	-
-	-	9,724
12,384	5,693	46,722
102,108	249,501	475,607
(16,366)	2,737	70,398
111,596	234,285	843,953
63,300	66,956	146,369
8,196	26,138	24,268
30,088	20,799	94,521
4,579	24,766	33,223
(2,692)	(2,315)	4,645
14,432	24,799	51,166
-	-	-
315,240	647,665	1,744,150
(302,856)	(641,972)	(1,697,428)
-	-	-
1,106	1,075	5,368
1,106	1,075	5,368
\$ (301,750)	\$ (640,897)	\$ (1,692,060)

VIRGINIA COMMONWEALTH UNIVERSITY
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS

AS OF JUNE 30, 2000

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of current fund and endowment fund revenues and expenditures of the intercollegiate athletic programs of the University for the year ended June 30, 2000. The amount of expenditures incurred by organizations outside the control of the University on behalf of the University's intercollegiate athletic programs are not included in either revenues or expenditures on the accompanying Schedule. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances, or current funds revenues and other additions, expenditures, transfers, and other deductions for the year then ended. Revenues and expenditures are directly identifiable with each category presented and are reported accordingly. Revenues and expenditures not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

NOTE 2 - ENDOWMENT

The Athletics Department has two quasi-endowments established for the benefit of the Department. The recorded value of one of the endowments totaled \$86,619 at June 30, 2000 and \$89,235 at June 30, 1999. The second endowment was established as a result of the settlement when the University ended its affiliation with the Metro Conference. The recorded value of this endowment totaled \$575,774 at June 30, 2000 and \$549,682 at June 30, 1999. The University has entrusted all endowment funds to the VCU Fund, an affiliated foundation, for investment in the Fund's investment pool. Funds transferred to the VCU Fund are subject to the investment policies of the VCU Fund. The Fund offers no guarantees relating to loss of investment value or rate of return on investments. Further, amounts transferred to the Fund must remain with the Fund unless the University Board of Visitors approves the use of these invested funds for specific University purposes.

NOTE 3 - RESTATEMENT OF BEGINNING FUND BALANCE

The fund balance originally reported at June 30, 1999, has been restated to reflect a beginning balance adjustment.

Fund balance as reported at June 30, 1999	(\$604,518)
Transferred to Siegel Center Operations	<u>40,829</u>
Restated fund balance at July 1, 1999	<u>(\$563,689)</u>

VIRGINIA COMMONWEALTH UNIVERSITY
Richmond, Virginia

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